A Start-Up Guide to Independent Patient Advocacy

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As professionals mature in their careers, there are many directions they can take. Many move into leadership positions. Others branch into the consultancy business, sharing their expertise with organizations and facilities. And then there are some that take the leap into self-employment.

As the field of patient advocacy continues to grow, more and more healthcare advocates are taking this step into the waters of small business ownership. As you will see in the following pages, this career choice offers a range of benefits. Being independent grants healthcare advocates independence from the “rules and regulations” that come with working for traditional organizations and allows them to serve as advocates who can practice in the manner they feel is in the best interest of their clients.

While independent practice is not for everyone, it is at least for everyone to consider. That’s the reason for this supplement, the articles of which touch on the qualities it takes to become a successful independent patient advocate, the vital role of the business plan, a discussion on finances, and methods to determine whether your business is ready to prosper.

As we move forward with pay for performance, healthcare reform and the growing surge of consumer-driven healthcare, the need for professionals to step out of traditional roles will continue to increase. This supplement will help you determine where your career is going and if the transition to independent practice is the next step in your future.

Best of Luck,

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Training, Tools and Connections for the Professional Patient Advocate

The Professional Patient Advocate Institute is a community aligned around the common cause of providing advocacy for patients as they attempt to navigate the complex healthcare system. The Institute offers training, business resources, and connections to patient advocates to discuss challenges and share best practices with the ultimate goal of improving the patient experience.

MEMBER SERVICES:

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Do You Have What It Takes To Be an Independent Patient Advocate?

By Dennis Miller

The field of independent patient advocacy is best-suited to entrepreneurial risk-takers, people who don’t like or need to be told what to do by corporate masters, who like to chart their own course in life, and who genuinely enjoy interacting and relating with other people. For those with these qualities, no other choice offers anything near the sense of satisfaction, achievement, independence, freedom and challenge as that of the independent patient advocate.

If the following sounds a lot like you, chances are you’ll be happy and successful as a healthcare advocate.

You are knowledgeable in a variety of medical services. Medical management, disability, billing, outcome measures, contract negotiations, staff development and medical legalities are all familiar to you.

You consider yourself an expert in one or more clinical areas. You have in-depth experience in pediatrics, geriatrics, transplantation, pain management, wound care, catastrophic case management, psychiatric care or oncology.

You offer special skills. Colleagues turn to you for advice on risk management, managed care, JCAHO or NCQA accreditation, legal issues such as workers’ compensation or the Family and Medical Leave Act, the American Medical Association’s Current Procedural Terminology (CPT®)

You have excellent people skills. When you walk into a room full of strangers, you see everyone there as a friend you haven’t met yet. You find people, with their myriad qualities, quirks and different perspectives on life, endlessly fascinating. You enjoy meeting new people, and you enjoy cultivating deep and satisfying relationships with those you’ve already met.

You’re strongly independent and prefer directing and delegating rather than being told what to do. You like to chart your own course in life. You thrive when you’re in total control of your professional life, and are most satisfied when you are meeting the goals you set for yourself, not those imposed by others.

You’re a natural leader. People seem to respond willingly to your wishes. In most group endeavors you’ve been involved in, you always seem to rise to the top. You have great self-discipline, manage your own life rigorously and successfully, and people seem willing to follow you based solely on the force of your example.

You have innate team-building skills. You have a knack for assembling just the right mix of people and skills to get things done. You’re often the glue that holds groups together, and around which everything and everyone revolves. You’re not shy about pointing
out how someone can perform better, nor do you take all the credit for success, preferring to let the spotlight shine on the team. You’re lavish with praise when it’s due, and quick to delegate when a task can more sensibly be handled by someone else.

**You enjoy networking, and people respond willingly to your needs.** Your love of people makes you naturally sociable, and you intuitively know how to build warm relationships with those in positions to help you. They tend to do so eagerly and willingly, once they’ve gotten to know you. You seem drawn to just the right people to open doors for you just when you need them, and you have a gift for making them want to help you in mutually beneficial ways.

**You often see possibilities where others see only obstacles.** You seem to have the gift of vision that allows you to see an opportunity where others don’t. You’re able to see the “big picture,” and can easily map out strategies, sometimes extending many steps, far into the future.

**You’re a natural-born salesperson.** You’ve always succeeded in jobs that required selling skills. You are naturally and genuinely enthusiastic about projects you’re involved in, and know just the right words to get others to support you. You’re an eternal optimist; a “no” for you is just one more step on the way to “yes”; a failure, just one more opportunity to find out what doesn’t work.

**You intuitively know how to manage and prioritize your time.** Schedules seem to fall naturally into place in your mind. When faced with multiple competing demands on your time, you’re rarely overwhelmed, and can usually sort them into exactly the right priority. You quickly abandon approaches that aren’t working, rather than “sticking them out” to the conclusion. You’re flexible and usually get time-sensitive projects done on schedule, with time to spare to enjoy life.

Do you meet all of the above criteria? If not, don’t worry. Very few of us have all of these qualities, but if at least half describe you, then a career as an independent patient advocate may be a strong option for you. The qualities you lack, you can build along the way – or delegate to associates and partners who do excel at them. All of these skills will serve you well as an independent patient advocate.
A Start-Up Guide to Independent Patient Advocacy

The Business Plan: A Map for Success

By Jennifer Hagemann

A fter evaluating your entrepre- neurial skills in the article above, you might have decided that a career as an independent pa- tient advocate is for you. While starting a patient advocacy business is easy, it’s starting and running a successful one that takes time and dedication. And while the thought of writing a business plan might make you cringe, experts, bankers and successful entrepreneurs all agree it’s a critical first step toward success – and it doesn’t have to be a painful one.

CHART YOUR COURSE
A business plan, no matter how brief, means you took the time to understand your business thoroughly. It outlines your company’s mission and goals; who the key players are and what skills they bring to the table; and how your company measures up against the competition. Marketing analysis and strategies, financial snapshots, and operations are other essential elements to any business plan.

When developing your business plan, imagine a local city map. A basic business plan allows anyone, including investors, lenders, vendors, partners and employees, to see where you’ve been, where you plan on going and how you intend to get there. But a comprehensive and well thought-out business plan considers alternate routes in the event of roadblocks, and may even present a shortcut or two.

“While you might share your business plan with bankers, loan officers, investors, etc., the truth is
that a business plan is a gift you give yourself. It
helps you clarify the who, what and why of your
business; it helps you establish company goals;
and it provides the direction you need to be suc-
cessful. A comprehensive business plan will make
you feel confident, focused and motivated,” says
Vicki Peterson, President of RNcasemanager.
com, an independent case management business.
“It will guide your business toward your goals
and keep you from feeling disorganized, indeci-
sive and aimless.”

NAVIGATING THE BUSINESS PLAN

You can find lots of information online about
business plans, from software programs and
professional business plan writers to do-it-
yourself outlines and advice. Software programs
can prompt you through the necessary steps of
developing your plan, but their “cookie-cutter
approach” may not set you apart from others.

Hiring someone to write your plan is helpful if
you don’t have strong writing skills, but your
plan may then lack the personal touch that takes
it unique. Taking the time to map out and write
your own business plan is your best option. It
shows commitment to your enterprise and forces
you to think about all of the issues involved with
being a small business owner.

You can always ask a professional writer later to
review, edit and polish your final draft. The U.S.
Small Business Administration (SBA) lists eight
essential components to a good business plan:

Executive summary: This should summarize your
company mission, goals and strategies. It should
highlight the key players and your products and/
or services. Even though this acts as your business
plan cover letter, it is the last thing you should write.

Market analysis: This shows your understanding
of your industry and target markets. It includes
information on primary and secondary mar-
ket size, trends, reach, turnover and strategies;
product and/or service pricing, discounts and
life cycle; lead generation time; and competi-
tive analysis. This is not the place, however, for
detailed study information; include that in the
appendix instead.

Company description: This briefly explains the
nature of and the need for your business in the
marketplace.

Organization and management: An organiza-
tional chart, including descriptions of depart-
ment and individual roles and responsibilities,
is the best way to tackle this. Include resumes
and curriculum vitae for all key participants and
qualification summaries for each board member
in the appendix.

Marketing and sales management: Your mar-
keting strategy details what penetration, distribu-
tion and communication channels you plan to
use to reach your target audience and grow your
business. A sales strategy explains how your sales
force, even if it’s only one-person strong, will
generate, prioritize and follow through on leads,
and what the associated costs are for each lead.

Service and/or product line: This section talks
about your product and/or service – how it
meets a need and what sets it apart from the
competition – through your client’s eyes. It also
includes specifics about patents, copyrights, trade
secrets and any current or future research and
development plans.

Funding request: Determine how much money
you need to start your business and how much
income you need to live until your business gen-
erates enough revenue to cover both your per-
sonal and company expenses. Include both best-
and worst-case scenarios, as well as a detailed
description of how funds will be allocated.

“Keep in mind that your income may initially be
sporadic while expenses are constant. You will need
cash reserves to survive long enough to get your
business started. Inadequate capital is the number-
one reason businesses fail,” warns Peterson. “Ask
yourself: What are my income requirements?
Where can I tap additional resources, if needed?
Do I qualify for an SBA loan or a line of credit on a
personal residence or a credit card? Can my family
help out? Should I take a part-time job?”

Financials: This should include current and five-
year projected balance sheets, income statements
and cash-flow analyses with the first year of projections broken down monthly or quarterly. It’s a good idea to include start-up costs and a break-even analysis, too. And beware of inconsistencies between financials and funding requests; your lenders will be watching for them, too.

The SBA also recommends including the following items in an appendix:

- Credit history (personal and business).
- Product pictures.
- Letters of reference.
- Relevant magazine articles or book references.
- Licenses, permits or patents.
- Legal documents and contracts.
- Copies of leases and building permits.
- List of business consultants.

**RESOURCES FOR A SMOOTH JOURNEY**

In short, a good business plan tells the story of your company, past, present and future. It is a fundamental tool for any business – large or small – and it is always under construction. While a business plan doesn’t guarantee success, it does lend a hand in getting your business off the ground. To learn more about mapping out your business plan, visit the SBA online at www.sba.gov/smallbusinessplanner. Your local Chamber of Commerce and SCORE (www.score.org) are other valuable resources.
Running a close second to poor management, the leading cause of small business failure is inadequate capital, according to the Small Business Administration (SBA). And since money management is a critical skill for any entrepreneur, it suffices to say that these top two reasons for going belly-up are closely linked.

Fortunately, if you read the article above, you have a well-thought-out business plan that clearly outlines how much money you need, why you need it, and how you’ll pay it back. But the big question remains: How do you get it? If you’re like most people, you borrow it.

CASH IS KING
Before you turn to lenders and investors, you need to have a basic understanding of financing. In the most simplistic terms, two things determine your net worth: assets and liabilities.

Current assets are liquid. They include things like cash and other resources expected to be converted to cash within the next 12 months. Fixed assets are tangible, long-term resources such as office equipment or real estate. Current liabilities represent short-term (less than one year) debt. Much like fixed assets, fixed liabilities are long-term, but pertain to ongoing operating expenses. Your working capital is the difference between your current assets and current liabilities.

You need to have enough working capital to survive. If you have a high equity-to-debt ratio, the SBA advises that you seek “debt financing.” This will increase funding for day-to-day operations. If you’re in the red and your debt outweighs your equity, then you need to increase your net worth. This is called “equity financing,” and it will help build your working capital.

SHOW ME THE MONEY
Sources of financial support include personal savings, lines of credit, home equity loans, bank loans, investors and family and friends. All have their pros and cons, so choose wisely. If you seek equity financing, venture capitalists and nonprofessional investors are likely resources. Venture capital firms have the money to invest.
Calculating Start-up Costs

Depending on your company’s structure, your start-up costs will vary. Some businesses, like a sole proprietorship where you are the only owner, operate under your own name and likely work out of your home, can start up on a shoestring budget. Partnerships, on the other hand, with as many as 20 partners who might be active in the daily operations of the business, can contribute to higher overhead costs for things like office equipment and space, salaries, insurance, etc. Same goes for a corporation.

Even the ever-popular subchapter “S” corporation (Scorps.), common among small business entrepreneurs with its own legal identity and rights, can cost a bundle when you factor in legal fees, filing fees, annual report fees, first-year taxes and shareholder agreements, all necessary for incorporation.

The Small Business Administration (SBA) says that start-up costs not only include one-time expenditures such as decorating, equipment purchases, installation and public utility deposits, but ongoing monthly expenses, including wages, rent, utilities, and dues and fees. The SBA recommends dividing your essential monthly expenses into those that are “fixed,” such as insurance, and those that are “variable,” like estimated taxes. To help you with this process, start-up costs calculators are available online. Go to www.bplans.com for a variety of business plan calculators and other tools available free from Palo Alto Software Inc.

SBA. Acting as venture capitalists, they secure low-interest rate government loans with lenient underwriting guidelines.

Banks, credit unions and commercial finance companies are ideal resources for debt financing. They offer both short- (under one year) and long-term (one to seven years) loans. These organizations will carefully weigh your ability to repay the loan, your personal and business credit history, your business equity, and your collateral or loan security. Be prepared to answer some key questions about your accounts payables and receivables, profitability, ability to repay the loan, the industry and the competition before lenders will approve your loan application.

SBA-guaranteed lending programs absorb some of the risk lenders fear when underwriting small business loans, thereby helping entrepreneurs secure larger loans for longer terms. Since loan guarantee policies change with the government’s fiscal priorities, be sure to discuss the most current terms with your lender when completing a loan application.

Remember, you’re not the only one who has to prove something. When it comes to choosing your loan source, you’re in control; financial institutions need you just as much as you need them. Choose a banker you like since your relationship will be an ongoing one. Make sure he or she is interested in your success and can provide the services you need now and in the future.

The SBA also encourages you to ask your banker these five key questions:

- Does the banker have an industry specialty related to yours?
- What is the average loan amount this banker typically issues?
- What is the banker’s professional background?
- Is the banker a commercial or consumer lender?
- How long has the banker been in this position?

RESOURCES FOR WOMEN

The number of women-owned firms is on the rise, having increased by nearly 20 percent between
1997 and 2002, according to a 2006 Women in Business report from the SBA. This rise is attributed to the 6.5 million, or 28 percent, of all non-farm U.S. firms – many of which were healthcare-related – owned and operated by women in 2002. These businesses added 70,000 employees to the workforce, and account for 6.5 percent of total employment. That same year, businesses owned by men lost 1 million employees.

Women are clearly an asset to small business enterprises – and the government supports many of their efforts. Women can seek additional resources and funding opportunities through a national network of more than 100 SBA Women's Business Centers (WBCs). Go to www.sba.gov/localresources and follow the search prompts to find a WBC near you.

The SBA’s Office of Women’s Business Ownership (WBO) provides additional resources and opportunities to female entrepreneurs through partnerships with organizations such as:

- The National Women’s Business Council (www.nwbc.gov), which offers links to mentoring programs and resources for the small microentrepreneur to the owner of an emerging-growth company.

- Women Entrepreneurship in the 21st Century (www.women21.gov), a service of the SBA and the Department of Labor that provides updates on legislative initiatives, policy issues, upcoming events and more. WBO representatives are available throughout the country to offer additional assistance. Go to www.sba.gov/aboutsba/sbaprograms and select “Womens Business Ownership.” Then choose “Women's Bus. Ownership Reps.” for a state-specific listing of WBO representatives.

When it comes to financing your small business, there's a lot to know. The SBA is a great place to learn more. Go to www.sba.gov/smallbusiness-planner and select “Finance Start-Up.” General financing and accounting information, loan and funding information, and other services, tools and resources are available to support you, the entrepreneur.
Is Your Business Staying Afloat? How to Measure Your Success

By Jennifer Hagemann

With a business plan in one hand and money in the other, you’re ready to dive into the world of entrepreneurship.

It can be a scary step, but you’ve been preparing for this moment since you first evaluated your entrepreneurial worth. That groundwork will hopefully pay off and open your eyes to the realities of small-business ownership before you take the plunge. But how do you know if your business is successful enough to stay afloat? Simple – you measure your success.

**SINKING OR SWIMMING?**
Perhaps the most universal measure of one’s success is his or her financial worth. How much you are able to save is not only an indicator of your success, but your frugality, as well – and all small-business owners need to be frugal.

However, holes can be poked in both of these theories. For example, a multimillion-dollar company can go bankrupt overnight. Or a small business owner who saves every penny rather than reinvest it into the business can watch his or her capital diminish.

Another measure of success is looking at profit. But comparing profit to loss is not that simple. Paying down debt, increasing profit margins or growing your customer base all contribute to your profit as well.

Customer and employee satisfaction – now these, some will argue, are key to success. A growing customer base indicates that your product or service is meeting the needs of your targeted audience. Plus, happy customers are repeat customers. Remember, with the high price of customer acquisition, including research, marketing and advertising, plus time spent on all of the above, losing just one customer can negate the positive impact of several satisfied customers.

Happy employees are highly productive and will often go the extra mile for employers who express their appreciation, even if not via financial means. A reward system helps attract and retain employees. Some simple no- to low-cost rewards include celebrating monthly birthdays with a cake, providing a bagel breakfast or special snack once a week, or offering casual Fridays. Even a personal note from you goes a long way toward boosting morale. The idea is to let employees know they are valued.

By focusing less on the monetary measures of success and more on those that you can directly influence, like employee and customer satisfaction, your financial success will likely grow, too.
WHAT DOES SUCCESS MEAN TO YOU?

When you really think about it, your goals may have little to do with monetary success and much to do with your quality of life. Maybe you started your own business so you had more free time to spend with your family. Perhaps your primary goal was simply to enjoy going to work each day. Whatever your reasons, success is ultimately a measure of how you feel about yourself and your accomplishments. Owner satisfaction means that you are satisfied with your business and that it is meeting your established goals. In the end, there’s no better measure.